HMRC - STSM071010 - Introduction: Types Of Company

Although a handful of UK companies are incorporated by Royal Charter or separate Act of Parliament, most UK companies are incorporated by registration under the Companies Acts.

A limited liability company is one where the liability of the members of the company is limited either by shares or guarantee.

For a company limited by shares, the liability of the members is limited to any amount unpaid in respect of the shares. If the shares are fully paid up, there is no further liability.

In a company limited by guarantee, the liability of the shareholders is limited to the amount they agree to contribute in the event of a winding-up.

Private companies (which have ‘limited’ at the end of their name) differ from public limited companies (ending in ‘plc’) in that they are unable to raise capital by offering shares to the public.

Public limited companies can offer shares to the public but can only be registered as such if their authorised share capital is at least £50,000. Before commencing business, shares to the value of at least £50,000 must have been allotted and each share paid up to at least one quarter of its value.

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